

APR 15 2003

Memorandum
City Council Liaison's Office

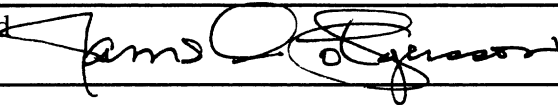
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: April 9, 2003

Approved



Date

4.15.03

COUNCIL DISTRICT: Citywide

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DIRECTORS' DELEGATION OF AUTHORITY FOR THE PERIOD OCTOBER 1, 2002 TO DECEMBER 31, 2002

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority"), codified in Chapter 5.06 of the Municipal Code. On May 23, 2000, the Delegation of Authority was amended by Ordinance No. 26127 to clarify certain sections and add several other provisions. On June 25, 2002, the Delegation of Authority was further amended by Ordinance No. 26657 to add several provisions to the already delegated authority of the Directors of Housing and Finance. These recent changes became effective 30 days later, or July 25, 2002.

This report has been prepared pursuant to the provisions of the Ordinance. The subject report covers activities under the newly approved Ordinance for the period of October 1, 2002 to December 31, 2002.

ANALYSIS

The Delegation of Authority Ordinance authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or grant Housing and Homeless funds, Predevelopment funds and Housing Rehabilitation Program funds; to negotiate and execute grant agreements necessary to implement Council-approved programs

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adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; to apply for federal or State funding; and to make other technical changes under the Director of Housing's Delegation of Authority. Ordinance No. 26657 further broadened the Director of Housing's authority to make adjustments, within defined parameters, to loans and grants previously approved by the City Council; to delegate jointly to the Director of Housing and Director of Finance authority related to the City's issuance of tax-exempt, private-activity bonds to finance the development of affordable housing projects; to delegate to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility Act (TEFRA) hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects and the authority to determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council.

Under these parameters, the Director of Housing has taken the following actions during the period of October 1, 2002 to December 31, 2002:

Housing and Homeless Fund Grants

Clara-Mateo Alliance	\$50,000
Emergency Housing Consortium	\$95,173
TOTAL	\$145,173

Housing Rehabilitation and Improvement Loans and Grants:

<u>ACTIVITY</u>	<u>NUMBER</u>	<u>AMOUNT</u>
REHABILITATION LOANS	8	\$ 380,000
REHABILITATION GRANTS	232	\$3,224,065
PAINT GRANTS	148	\$ 418,514

Increases in Council-Approved Loan Amounts

Pollard Plaza Apartments: On October 28, 2002, the \$10,305,051 construction loan to Story Plaza Apartments, L. P., for the Pollard Plaza Apartments was increased by \$1,857,066 for a total of \$12,162,117 to pay for additional construction costs not included in the original estimate from the general contractor. Additionally, the \$7,909,734 permanent loan to the Sponsor was increased by \$1,577,105 for a total of \$9,486,839. The proposed project is a 130-unit rental development affordable to very low- and low-income households with a teacher preference.

Kennedy Apartment Homes (Formerly Roberts Family Apartments): On November 18, 2002, the \$3,922,778 acquisition/predevelopment loan to Community Home Builders and Associates

(CHBA) was increased by \$315,000 for a total of \$4,237,778 to pay for additional costs to continue with the project's building permit approval. The proposed project is a 100-unit family rental development affordable to very low- and low-income households with a teacher preference.

Kennedy Apartment Homes (Formerly Roberts Family Apartments): On December 13, 2002, the \$5,800,000 construction/permanent loan to Community Home Builders and Associates (CHBA) was increased by \$1,160,000 for a total of \$6,960,000 to cover the gap created by a decrease in tax credit equity. This loan increase is during the permanent phase only. The loan amount remains unchanged during the construction phase. The proposed project is a 100-unit family rental development affordable to very low- and low-income households with a teacher preference.

Loans/Grants Terms and Conditions:

Hacienda Villa Creek Senior Apartments:

	Construction Phase	Permanent Phase
Loan Amount	\$5,001,465	\$5,354,607
Interest Rate	4% Simple	4% Simple
Loan Term	24 Months	40 Years
Repayment	City's Perm. Loan	Residual Receipts
Conditional Grant	\$2,289,520	\$2,289,520
Total Affordable Units	79 Units	79 Units
Conditions	20 ELI Units	20 ELI Units
Affordability Term	55 Years	55 Years

Tully Gardens SRO, Phase II – Loan Increase and Business Terms:

	Construction Phase	Permanent Phase
Loan Amount	\$2,559,295	\$2,825,295
Interest Rate	* See below	* See Below
Loan Term	24 Months	55 Years
Repayment	City's Perm. Loan	Residual Receipts
Conditional Grant	\$3,781,000	\$3,154,157 **
Total Affordable Units	151 Units	151 Units
Conditions	151 ELI Units	151 ELI Units
Affordability Term	55 Years	55 Years

* Principal amount of each advance shall accrue interest at the Applicable Federal Rate for long-term debt instruments under Section 1274(d) of the Internal Revenue Code determined at the time of each advance thereof, compounded annually beginning with the date of each such advance until all amounts are repaid in full.

** Potential return of City Grant proceeds to decrease balance from \$3,781,000 to \$3,154,157, dependent on basis calculation at cost certification.

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Fallen Leaves Family Apartments:


	Land Loan	Construction Phase	Permanent Phase
Loan Amount	\$4,536,849	\$5,001,465	\$5,354,607
Interest Rate	4% Simple	4% Simple	4% Simple
Loan Term	42 Years	24 Months	40 Years
Repayment	Residual Receipts	City's Perm. Loan	Residual Receipts
Conditional Grant		\$2,289,520	\$2,289,520
Total Affordable Units	159 Units	159 Units	159 Units
Conditions		30 ELI Units	30 ELI Units
Affordability Term	55 Years	55 Years	55 Years


Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings by the Director of Finance:

None this period.

COORDINATION

This report has been coordinated with the City Attorney's Office.


SCOTT P. JOHNSON
Director of Finance


LESLIE CORSIGLIA
Director of Housing